BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future.	Rulemaking 21-06-017 (Filed June 24, 2021)

OPENING COMMENTS OF SILICON VALLEY CLEAN ENERGY AUTHORITY, PENINSULA CLEAN ENERGY AUTHORITY, MARIN CLEAN ENERGY, SAN JOSE CLEAN ENERGY AUTHORITY, SONOMA CLEAN POWER AUTHORITY, AND CENTRAL COAST COMMUNITY ENERGY ON THE ORDER INSTITUTING RULEMAKING

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Pursuant to Ordering Paragraph 7 of the Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future ("OIR") filed June 24, 2021 and consistent with Rule 6.2 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure, Silicon Valley Clean Energy Authority, Peninsula Clean Energy Authority, Marin Clean Energy, San Jose Clean Energy, Sonoma Clean Power Authority, and Central Coast Community Energy (collectively, the "Joint CCAs") respectfully submit these opening comments on the OIR.

I. DESCRIPTION OF EACH OF THE JOINT COMMUNITY CHOICE AGGREGATORS

Marin Clean Energy ("MCE"), California's first community choice aggregator ("CCA"), is a not-for-profit public agency that began service in 2010 with the goals of providing cleaner power at stable rates to its customers, reducing greenhouse emissions, and investing in energy programs that support communities' energy needs. MCE is a load-serving entity serving approximately 1,200 MW peak load, providing electricity generation services to more than 540,000 residential and

business customer accounts in 36 member communities across Contra Costa, Marin, Napa and Solano counties. MCE has extensive experience in running customer programs that span the entire breadth of distributed energy resources ("DERs") from Energy Efficiency ("EE") and Energy Storage to Demand Response ("DR) and Transportation Electrification ("TE"). MCE was the first CCA to become a program administrator of ratepayer-funded EE programs in 2013.[1] Since 2017, MCE has been developing several TE initiatives, including demand response-enabled charging devices, equity-centered incentives for electric vehicles[2], and funding for charging stations[3]. In 2020, MCE launched its Energy Storage Program[4] to deploy 15 MWh of customer-sited battery storage systems capable of providing both backup power and behind-the-meter dispatch, driving decarbonization, lowering utility costs for program participants, and enabling local grid management through load shaping. This program prioritizes vulnerable customers and populations that are disproportionately affected by grid outages. Last but not least, in April 2021, MCE launched its Peak FLEXMarket[5] DR program that focuses on reducing customer load during summer peak hours to support grid reliability. The Peak FLEXMarket program is a technology-neutral marketplace program platform that enables customers and third-party DR providers to receive a payment for measured energy reduction during peak demand hours.

Sonoma Clean Power Authority ("SCP") is the second operational CCA program in California and currently serves about 226,000 customer accounts, which includes all of Sonoma and Mendocino Counties, except for the cities of Healdsburg and Ukiah, which have their own

[1] MCE currently administers programs in multifamily, single family, commercial, agriculture, and industrial sectors. Furthermore, MCE administers the Low-Income Families and Tenants (LIFT) program under the umbrella of the state's Energy Saving Assistance ("ESA") program.
[2] See https://www.mcecleanenergy.org/ev-drivers/
[3] See https://www.mcecleanenergy.org/ev-charging/
[4] See https://www.mcecleanenergy.org/resiliency/
[5] See https://www.mcecleanenergy.org/news/press-releases/mce-launches-new-grid-responsive-demand-flexmarket/

public utilities. SCP has a fully operational demand response program which has been dispatched to reduce peak ISO demand during peak events, including those observed last August. A variety of smart devices can participate in this program, many of which are offered for sale at a discount in our retail store front, the Advanced Energy Center. SCP is developing a behavioral demand response program, which would allow all customers – even those without smart devices – to contribute to grid stability my modifying their usage.

Peninsula Clean Energy Authority ("PCE") operates the fifth Community Choice Aggregation program formed in California and serves the communities of San Mateo County and will be serving the City of Los Banos in Merced County in 2022. Peninsula Clean Energy Authority serves more than 290,000 customer accounts by providing more than 3,500 gigawatt hours annually of electricity that is 100 percent carbon-free. In addition to our Community Choice Aggregation program, which is working to site in-front-of-the-meter local generation including our Disadvantaged Communities Green Tariff ("DAC-GT") and Community Solar Green Tariff ("CSGT") programs, Peninsula Clean Energy also provides our communities with several DER programs, including programs to provide solar and storage systems to customers, a program to manage peak evening load through the deployment and operation of behind-the-meter storage, pilots of managed EV Charging Infrastructure, building decarbonization efforts, which may ultimately support flexible load in future, and a program to deploy solar and storage resources on public buildings.

Silicon Valley Clean Energy ("SVCE") is a not-for-profit, community-owned agency providing clean electricity from renewable and carbon-free sources to more than 270,000 residential and commercial customer accounts in 13 Santa Clara County jurisdictions. As a public agency, net revenues are returned to the community to keep rates competitive and promote clean energy programs. Silicon Valley Clean Energy is advancing innovative solutions to fight climate

change by decarbonizing the grid, transportation, and buildings. SVCE has several load modification programs and is a participant in the Emergency Load Reduction Program. Learn more at SVCleanEnergy.org.

San José Clean Energy ("SJCE") is San José's locally-run, not-for-profit clean energy supplier, providing electricity to nearly 350,000 residential and commercial customer accounts. SJCE's programs roadmap[6] integrates the guiding principles of equity, affordability, and greenhouse gas reductions from Climate Smart San José, the city's climate action plan, for current and future energy efficiency, distributed energy resources, and vehicle and building electrification programs. SJCE currently promotes a residential load modification program and the Emergency Load Reduction Program.

Central Coast Community Energy ("CCCE") is the community choice aggregator ("CCA") for Monterey, San Benito and Santa Cruz counties and parts of San Luis Obispo and Santa Barbara counties. CCCE continues to pursue a diverse portfolio of renewable and reliable energy procurement including load management. CCCE is developing front of the meter local battery energy storage resources through RFO and RFQ processes. CCCE is also developing behind the meter battery storage and DER-type programs including demand response.

II. OPENING COMMENTS REGARDING SCOPE

The Joint CCAs appreciate the opportunity to comment on the OIR. As a general matter, we believe the OIR is appropriately scoped in order to meet the OIR's goal to "capture as much value from DERs as well as mitigate any unintended negative impacts." As the OIR discusses, cumulative installed DERs are likely to account for significantly more capacity than coal and

[6] https://sanjosecleanenergy.org/wp-content/uploads/2021/03/Roadmap_March-2021.pdf

nuclear power capacity by 2025.[7] Moreover, the vast majority of these DERs are customer-sited.[8] The OIR also recognizes that DER growth will continue to increase due to transportation electrification and associated DERs, continued behind the meter ("BTM") solar adoption, and BTM energy storage driven by policy, technology advances, and technology cost declines.[9] Thus, the Joint CCAs agree that planning for a high DERs future is an expectation that should be taken as a given in this docket.

A. Competition in Energy Services is Increasing and Should be Protected, Incorporated into Planning Processes, and Facilitated by Commission Policy

Coupled with the rise of customer-sited DERs, California's overall energy market has been fundamentally transformed by communities seeking to accelerate decarbonization through the formation of CCAs, including the Joint CCAs participating in this docket. The Joint CCAs collectively serve *over 1.7 million customer accounts*. Each of the Joint CCAs has developed, and will continue to develop, customer programs that address community needs with an overall goal of accelerating decarbonization including through the increased deployment of customer-sited DERs. The Joint CCAs are also operating and/or developing DER programs that unlock the value DERs can provide for load shaping and other energy services CCAs provide to their communities. Based on our experience developing and operating these types of programs, the Joint CCAs believe that the provision of many energy services that harmonize DER deployment and unlock their value for all stakeholders can be provided competitively – if the right frameworks are in place to ensure entities have the information and planning insight necessary to allow their participation. The Joint CCAs fully support careful examination of how the roles and responsibilities of the IOUs should evolve as competition increases in the provision of energy services that intersect with the

[7] OIR at pg. 7.
[8] Id.
[9] OIR at pgs. 8-9.

distribution system and distribution system planning. Thus, the Joint CCAs agree that the time is right to explore more wide-ranging questions related to distribution planning and modernization of the grid so that all stakeholders operate under a coherent framework that supports competition and mitigates market power. Careful examination of how market power can be expanded or mitigated by a particular distribution system operator ("DSO") model is a critical aspect of the coming discussion and the Joint CCAs appreciate the scoping questions incorporating market power and open access by third parties as topics within the scope of the docket.

B. Greater Transparency and Data Access are Foundations of Success

The Joint CCAs have consistently sought to increase the transparency of distribution planning so that the Joint CCAs can efficiently develop and deploy programs within their communities that drive decarbonization at lowest possible cost. Ideally, a well-designed consultation process between local governments, including CCAs, and IOUs on distribution planning will bring communities and their energy providers to the table in an efficient manner to unlock the capital communities and CCAs have to deploy DER programs. A successful collaboration and consultation process founded in transparency, dialogue and information sharing will foster greater trust between communities and IOUs. Accordingly, the Joint CCAs fully support Track 2's scoping of whether a collaborative consultation process should be developed and how current distribution resources plan ("DRP") and distribution investment deferral framework ("DIDF") processes and data portals can be improved. However, the scoping questions should clearly identify how to increase access to IOU distribution planning and customer participation data as within the scope of the docket. Program participation data is necessary so that CCAs can effectively and efficiently determine which customers are or have participated in IOU DR-related programs to avoid dual participation issues and ensure effective and efficient program design, outreach, and analysis. Real time meter data is necessary to allow CCAs to institute real time

pricing and other value frameworks for their customers and is already being provided by the IOUs to their third-party vendors and service providers. Accordingly, while provision of this data is not only necessary to allow CCAs to engage effectively and efficiently with their customers, provision of real time data access is also necessary to avoid anti-competitive outcomes such as the IOU-related stakeholders having higher quality access to usage data than entities, like CCAs, that serve customer load directly and also offer customers programs that can compete with IOU programs. Accordingly, we offer the following additional question as 2.f for inclusion in the final scoping memo:

> f. What information regarding distribution system planning, such as program participation data, distribution system data, and load and usage data, should be shared by the IOU with local communities and community choice aggregators to effectuate meaningful community participation and engagement in distribution planning? What changes to existing data portals would be most helpful in facilitating community engagement in the distribution planning process? What new data portals may be necessary to facilitate community engagement in the distribution planning process?

C. Cost Containment must be a Critical Aspect of Any Evolution in IOU Roles and Responsibilities in Distribution System Planning

California stands at a crossroads on energy affordability. As the Commission recognized in *Utility* Costs *and Affordability of the Grid of the Future: An Evaluation of Electric Costs, Rates, and Equity Issues Pursuant to to P.U. Code Section 913.1*, the rates charged by the IOUs for distribution and transmission service have skyrocketed due to increasing transmission and distribution system ratebase.[10] PG&E's rates have increased 37% in just the last 7 years, for example.[11] Skyrocketing transmission and distribution rates have largely been driven by

[10] See *Utility Costs and Affordability of the Grid of the Future: An Evaluation of Electric Costs, Rates, and Equity Issues Pursuant to to P.U. Code Section 913.*1 ("Rates White Paper"), May 2021, at pgs. 7, 10, 22-28. Available at: file:///Users/joe/Downloads/Senate%20Bill%20695%20Report%202021%20and%20En%20Banc%20whitepaper_final_04302021.pdf

[11] Rates White Paper at pg. 7.

unconstrained and largely unexamined IOU deployment of capital within the distribution and low-voltage transmission system. This situation is deeply concerning and must be addressed. Ever increasing transmission and distribution rates place a burden on all ratepayers but place a particularly severe burden on low- and moderate- income households. Deployment and operation of DER in the correct locations is one of the few methods demonstrated to reduce the need for new transmission spending. Based on this experience, the Joint CCAs believe IOU roles, responsibilities, investments and incentives within a DSO model must be designed to ensure cost containment, and this issue is a critical area of discussion within this docket. To this end, the Joint CCAs believe the scope of the docket must be clarified to more clearly surface cost control issues within the coming discussion. To do this, the following changes are needed to the scope of the OIR so that cost containment is clarified as a priority:

> Track 1 Q.2 - In what ways would a DSO and the various DSO models increase or decrease ratepayer <u>distribution or transmission system</u> costs and enhance or impede equity? <u>Do any DSO models show a demonstrated history of lowering ratepayer distribution or transmission system costs or slowing the growth of ratepayer distribution or transmission system costs?</u>

As cost containment relates to DERs, the Joint CCAs believe that the promise of DERs to minimize customer costs through the deferral of distribution system and transmission upgrades has not been fully realized despite stakeholders work to date in the DRP and IDER dockets and despite the clear requirements in AB 327 that distribution system planning be reimaged to prioritize DERs before traditional grid investments. In particular, DER interconnection processes must be streamlined, and DER providers should be compensation at least partially for distribution and transmission investment avoidance.[12] Absent such compensation for avoided costs, providers and customers are likely to deploy fewer DER than would be optimal to reduce total customer costs.

[12] For example, see the cost components of the Avoided Cost Calculator for estimates of system benefits that derive from DER but are currently uncompensated.

Similarly, the large logistical barriers created by an unpredictable and cumbersome interconnection processes should be examined in coordination with other interconnection proceedings to remove a key barrier to deployment of optimal levels of DER. To ensure this statutory requirement is brought to fruition within this docket, the Joint CCAs request the following modifications to the scope of the docket:

> Track 3 Q.5 – What, if any, ~~additional~~ types of planned investments should be considered for exclusion from deferral during the distribution system planning process (e.g., is there any infrastructure within the distribution system that should not be considered for deferral during the planning process) ~~what distribution infrastructure should be DERs installed instead of replacing aging infrastructure or DERs installed such that loads can be lowered to extend the life of existing infrastructure~~)?
>
> Track 3 Q.6 – . How ~~S~~should IOUs incorporate the use of DERs as opposed to traditional infrastructure into their standard practice of planning for distribution investments? ~~If so, how should this be achieved?~~ What changes to IOU distribution system planning are necessary to ensure that DERs are utilized first to cost effectively defer or avoid planned investments in traditional grid infrastructure? What changes to existing data portals and utility planning processes, including consultation and coordination with DER providers and other third parties are necessary to ensure IOU distribution planning fully unlocks the ability of DERs to defer or avoid traditional distribution system investments?
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> Track 3 Q7 – How should ICA data and calculations be improved to enhance accuracy and usefulness for DER planning and interconnection (especially with respect to TE)? What other processes and data access need to streamlined and regularized to ensure timely and optimal DER deployment?
>
> Track 3 Q 8.n – Should additional DER tariff pilots be implemented to extract more value from BTM DERs and further scale the DIDF program (e.g., a regional pilot55)? How should tariffs or other funding mechanisms be used to ensure compensation to DER providers incentivizes optimal DER deployment?

III. CONCLUSION

The Joint CCAs appreciate the opportunity to comment on the scope this OIR. The Joint CCAs request that the scope of the to docket be clarified on issues of data access and cost containment as discussed herein.

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Respectfully submitted,

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